METROPOLITAN
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COMMISSION

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Memorandum

TO: Commission | DATE: March 19, 2008

FR: Legislation Committee | W. I.: 1131

RE: Committee Recommendations

The Legislation Committee met on March 14 and referred three items to Commission.

1. **SB 1731 (Yee)** allows the Commission to add one dollar to the existing one dollar registration fee now paid by motorists who register their vehicles in the nine-county region.

   By adding an extra dollar to the $1 fee now paid by motorists who register their vehicles in the nine-county region, SB 1731 would not only allow MTC to maintain the highly effective programs operated by its Service Authority for Freeways and Expressways (SAFE), but also would enable a modest beginning to improving freeway performance in the Bay Area.

   Committee Recommendation: Support

2. **AB 2094 (DeSaulnier)** to make the Bay Conservation and Development Commission a full, voting member of the Joint Policy Committee.

   BCDC has been attending JPC meetings as a non-voting member for a little over a year. On March 16, 2007 last year, the JPC voted to seek legislation giving it the authority to invite BCDC and other relevant agencies to join the Committee as full members as appropriate and required.

   The provision giving BCDC the authority, with other agencies, to plan for sea-level rise is consistent with the Regional Agencies Climate Protection Program approved by the Joint Policy Committee in July of 2007.

   Committee Recommendation: Support

3. **SB 344 (Machado)** to provide statutory clarification for local governments to temporarily re-purchase outstanding bonds without causing their bonds to be extinguished or defeased.

   This bill provides state and local governments an option for dealing with the current turmoil in the variable rate municipal bond markets, which has been caused by spillover effects of the sub-prime mortgage crisis. It enables issuers to temporarily purchase and hold their own bonds, thereby avoiding higher interest rates on variable rate demand bonds (VRDB).

Until this year, variable rate bond markets have functioned smoothly. In the past month, however, demand for these securities has fallen sharply, leading to abrupt increases in interest rates, and failed auctions, in the case of the variable rate demand market.

The recent turmoil in the variable rate markets is not due to financial problems on the part of state and local government bond issuers. Rather, the trouble is related to a loss of confidence in the liquidity of the short term VRDB and the auction-rate bond markets, as well as the downgrading of several large bond insurance firms.

Committee Recommendation: Support